Breaking Down Barriers to Better Local Transport for the City Regions
(PTE/80/11)

Report of the Chief Executive

1 Introduction

1.1 The Core Cities have been contacted by Greg Clark MP to see how transport in the Core Cities could be improved going forward.

There are a lot of policy initiatives going forward and the Passenger Transport Executive Group have responded to this initiative by providing a summary document to the Core Cities Secretariat for onward transmission to the Minister.

A copy of the report is attached as Appendix One.

2 Discussion

2.1 The paper is comprehensive and pulls together a number of different policy strands and in that regards is particularly helpful.

2.2 Quite how the Minister will take this forward, if at all, remains to be seen. However, as a briefing note, it represents some of the key transport policy areas we should be alerted to.

3. Financial Implications

None at the present time

4. Equality Impact Assessment

Not required at the present time.

Strategy and Finance Committee
24 November 2011
5. **Risk Implications**

This report is for information only.

6. **Recommendations**

Members are requested to:-

a) note this report,

b) a copy be circulated to all Members of the Authority; and

c) call for further reports as necessary.

**Background Papers**

None

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Breaking down barriers to better local transport for the city regions

Introduction and key points

The Government is working with Core Cities on what barriers it could remove in the short term, which would make a real and rapid difference to how the core cities perform.

This paper puts some of these options within a wider explanatory context of how transport works in the city regions, and what relevant policy debates and reviews are already underway.

The paper suggests that there are some opportunities for relatively self-contained measures that would remove barriers for transport in the city regions, but that many of the more significant policy shifts are tied up with existing and wider reviews of policy on bus, rail and devolution of DfT capital flows.

In this context the single biggest contribution this review could make would be to ensure that these wider policy reviews have a city region dimension to them, rather than adopt a one size fits all approach to England outside London.

The measures identified in this paper are:

- Devolve major capital funding in way that reflects the city regions importance to the national economy and reduce second guessing and double checking by DfT once funding has been devolved
- Ensure that there is a specific city region dimension to the current reviews of rail and bus policy, and that facilitating smart and simple ticketing is integral to these reviews.
- Devolve existing bus subsidies (ring fenced to bus) as part of the bus policy review
- Allow local authorities to charge for utility permits to reduce delays from streetworks disruption
- Roll out decriminalized moving traffic enforcement to cities outside London
1. Governance and funding

Background - how governance of transport in the city regions works now

In the Met areas responsibility for highways is a District responsibility whilst public transport is the responsibility of Integrated Transport Authorities (joint authorities of elected members nominated by the Districts) whose policies are carried out by Passenger Transport Executives. Responsibility for the overarching transport strategy (the Local Transport Plan) lies with the ITA. In Greater Manchester the ITA has been abolished and replaced by a non-statutory Transport for Greater Manchester Committee to which the Combined Authority has delegated former responsibilities of the ITA.

The Local Transport Act 2008, and Local Democracy, Economic Development and Construction Act 2009, both provide enabling powers to extend, amend and re-organise the respective powers and roles on transport of ITAs, PTEs and Districts and to create new overarching Combined Authorities. Only in Greater Manchester have these powers been used to any significant degree.

Funding for PTEs comes from a levy on the Districts as well as a series of key funding streams from national Government including regular flows like Metropolitan Rail Grant, major scheme funding and the Integrated Transport Block. There are also additional and shorter term, competitive funding schemes like the Local Sustainable Transport Fund.

The Government will shortly be consulting on devolving major scheme funding to 20 to 25 Local Transport Consortia made up of LEPs and Local Transport Authorities.

The opportunity

Ensure city regions receive an appropriate share of devolved funding. Once funding has been devolved, reduce second guessing by national Government of local decisions on local transport spending, which will ensure that funding can be rapidly deployed and targeted.

The mechanism

We support the proposed devolution of major scheme funding but the allocation of funding between the local transport consortia throughout England should recognize the key importance of the largest cities outside London as national economic drivers.

Once funding has been allocated the checking and double checking by central Government of how that funding is deployed by local transport authorities should be kept to a minimum.
2. Moving to better planned and integrated bus networks

Background

The bus is the mainstay of public transport in the city regions. As well as providing a key service for commuters it is also the flexible way to provide access to new developments and to link the jobless with the jobs.

Unlike in London, buses in the city regions are deregulated which means that, subject to a minimum of regulatory control, anyone can run a bus service. Although in practice the majority of services are provided by five large companies that rarely compete against each other.

Under the 2008 Local Transport Act there are three roles that PTEs can play on bus (not mutually exclusive):

- They can enter into voluntary partnerships with operators where a local transport authority undertakes to provide particular facilities, or to do other things of benefit to passengers, and a bus operator undertakes to provide services to a particular standard.
- They can enter into Statutory Quality Partnerships (SQPs) which allow for binding agreements to be voluntarily entered into between PTEs and bus operators. Under an SQP a PTE can provide improved infrastructure (such as bus priority measures) on a corridor and negotiate the arrangements for the use of that infrastructure by bus operators.
- They can implement a Quality Contract which involves replacing the existing deregulated bus markets with a franchising system (similar to that in London) where the local transport authority specifies what the bus network will provide and the private sector competes for the right to provide it.

The Competition Commission is currently reviewing the way the bus market functions with its final report expected by the end of the year. There will then be a Government review of bus policy.

The opportunity

The DfT review of bus policy (that will follow on from the Competition Commission's current investigation) should have a specific city region dimension in order to ensure that bus services can fully support access to labour markets and areas of growth.

The mechanism

pteg has called on the Competition Commission to build on the three measures in the Local Transport Act to make them easier to use. The third of
these measures – Quality Contracts – provides the greatest guarantee of outcomes (including for simple, zonal common fares similar to London’s Oyster card) but is also the most difficult to implement (which is why no Quality Contract has yet been brought in).

There are legislative and regulatory changes that the Government could make on Quality Contracts (and the other two options) that would be helpful. But as important is that in its review of bus policy the DfT does not adopt a one-size fits all approach outside London, and recognizes the specific opportunities in the largest urban areas, especially given that half of bus patronage outside London is in the Met areas and that PTEs have the capacity to implement solutions that smaller rural local transport authorities would struggle with.

3. Making the best use of bus subsidies

Background

The bus sector is supported by Government through
- Fuel duty rebate (known as ‘BSOG’)
- Support for the national concessionary travel scheme for older and disabled people
- Local authority support for non-commercial services (around 15% of the network in the Met areas)

The opportunity

To better target existing flat national BSOG bus subsidies through devolving them to the city regions so they can be specifically targeted on local need, circumstances and priorities.

The mechanism

So long as there is a national commitment to a national concessionary travel scheme for older and disabled people then the one funding flow where there is most scope for further devolution is BSOG. At present this is paid out to operators on a national basis with no differentiation for local circumstances. If BSOG were to be devolved to the PTEs then it could be targeted in a more effective and efficient way to meet local priorities and to reflect local circumstances. For example at present a proportion of BSOG subsidies are paid out to operators where buses are fitted with smartcard readers – even where PTEs have already paid for these readers to be fitted. Whereas if BSOG were to be devolved PTEs could work with operators on more appropriate improvements like bus priority schemes on key congested commuter corridors, services for new development areas or smartcards.

At present the future of BSOG is tied up with the wider post-Competition Commission review of bus policy. Again it would be helpful if a city specific BSOG devolution approach could emerge from this review rather than a one
size fits all approach where big cities like Manchester and Leeds are treated in the same way as rural counties. Note that we would only support BSOG devolution if it were to be ring fenced for spending on bus (which the PTEs are in a position to ensure).

4. **By mode: Rail**

**Background**

As core city economies have grown so has the use of their commuter rail networks as more people make longer journeys to access the jobs and opportunities that thriving city centres are providing. Indeed growth on our heavy rail network has been exceeding that of London and the South East (though of course the absolute numbers are higher in the South East).

The biggest problems facing city region rail networks is that the commuter train fleet provides inadequate capacity or quality and is controlled remotely from Whitehall with limited ability for city regions to influence.

**The Opportunity**

Ensure that the North’s rail network develops in a way that responds more directly to the region’s economic needs through devolving more responsibilities for it.

**The mechanism**

Five of the six PTEs are served by the Northern franchise, the current term of which will soon be coming to an end. There is therefore an opportunity to devolve more responsibilities for the Northern rail networks to the PTEs. The record of devolution elsewhere in the UK on rail has been very positive. Devolution on rail in Scotland, London Overground and Merseyrail Electrics has led to better performance, higher levels of investment, and greater customer satisfaction. The option currently being pursued is for the specification and management of the Northern Rail and Trans-Pennine Franchises to be devolved to local partners.

Negotiations with DfT are ongoing and are necessarily bound up with the wider rail reforms that DfT is carrying out. There are also fundamental issues around costs and risks before any devolution could take place.

To support this process it is of key importance that Network Rail creates a devolved management unit which reflects the geography of the Northern Franchise. This would help facilitate the process of any devolution of powers on Northern, as well as in driving down Network Rail’s related costs, and would pave the way for devolution of decision-making over Network Rail’s funding, capital programme and priorities for Northern.
5. Controlling Roadworks

Background

Streetworks can cause significant disruption to transport networks which can in turn lead to congestion, business inefficiency and affect service reliability. Travel delays can impact economic efficiency, particularly in freight and distribution sectors. The current process for the approval of a permit system is complex and centrally controlled. Traffic authorities cannot simply introduce such schemes without central Government approval.

The opportunity

Reduced disruption of the highways resulting in faster and more reliable journey times for business and local economies

The mechanism

Allow local authorities to charge for permits for streetworks to reduce delay from streetworks disruption – hence improving network reliability and improving business productivity. Government to devolve approval process to local authorities. Furthermore, the DfT should adhere to a fixed timetable for the introduction of the relevant secondary legislation.

6. Better traffic enforcement

Background

The provisions in Part six of the Transport Management Act (TMA) 2004 gives the Government the power to introduce a new framework for the enforcement of junctions, bus lanes and other moving traffic matters. None of the provisions have been brought into force.

The opportunity

An efficient, delay free transport network forms a key economic stimulant and the removal of any barriers to the efficient flow of traffic is vital.

The mechanism

Roll out decriminalized moving traffic enforcement to cities allowing traffic authorities to enforce safe and efficient traffic flow, and hence reliability and productivity benefits on the highways network. These powers only exist for London, and have never been rolled out to the rest of the country. The Department for Transport needs to enact these parts of the TMA for authorities outside of London.
7. A final over arching issue – smart and integrated ticketing

Background

Oyster has demonstrated the potential of simple, integrated and smart ticketing for large urban areas in the UK. However this will be challenging to achieve given both bus deregulation and the separation into silos within DfT of bus and rail policy.

The opportunity

Smart and simple ticketing leads to faster bus boarding times, higher levels of patronage and cuts the cost of public transport operation. It also enables a city region's transport system to be presented as a single offer. The technology is available to deliver this goal as long as the wider policy framework is right.

The mechanism

Enabling smart, simple and integrated ticketing for the city regions will need to be an explicit objective of both the Government’s rail and bus policy reviews if smart and simple ticketing in the city regions is going to be achieved.